

Estimated budgetary effects of proposal to limit Social Security benefits to children age 16-17 unless enrolled in school

(by fiscal year; caseloads in thousands, outlays in millions of dollars)

03-Mar-2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Average caseload, baseline										
Minor child beneficiaries a/	4,029	4,050	4,067	4,088	4,114	4,137	4,162	4,188	4,217	3,174
Age 16-17 b/	755	759	762	767	772	776	781	785	790	797
Reduction in average caseload under proposal	-3	-14	-23	-23	-23	-24	-24	-24	-24	-24
Average monthly amount	\$501	\$514	\$529	\$545	\$561	\$578	\$596	\$615	\$634	\$655
Estimated savings c/	-20	-90	-145	-150	-160	-165	-170	-175	-180	-190
Memo:										
OMB estimate of savings	-10	-75	-135	-140	-145	-151	-155	-166	-170	-180

The President's 2006 Budget proposes to suspend benefits for children age 16 and 17 unless they are in school.

Under current law, children of retired, deceased, or disabled workers may receive benefits until age 18--or for up to 12 months longer, if they are still in secondary school. The Budget essentially proposes to move that age-18 threshold back to 16. (However, children age 16-17 who have already graduated could continue receiving benefits until 18.)

According to the Census Bureau, in October 2002 about 4.3% of children age 16-17 had not finished high school and were not enrolled. (There are no specific data for children who receive Social Security, so CBO assumed they resembled their peers.)

We assume that 25% of those threatened with losing benefits would re-enroll, leading SSA to suspend benefits for about 3.2% of child beneficiaries age 16-17. A few could re-qualify as disabled adult children (DACs).

Under current law, where the family maximum applies, reducing benefits for one family member sometimes increases benefits for the rest resulting in little or no net savings; however, according to the Administration, legislative language (still in development) would prevent that result here.

The proposal would affect children who reach 16 on or after October 1, 2005, and thus would take two years to phase in fully.

a. Excludes students and disabled adult child (DAC) beneficiaries, who are 18 or older. Specifically, minor children of--

Retired workers	493	504	517	535	560	583	606	631	657	504
Deceased workers	1,902	1,897	1,891	1,885	1,880	1,876	1,874	1,873	1,873	1,405
Disabled workers	1,634	1,649	1,659	1,667	1,674	1,678	1,681	1,684	1,687	1,266

b. Children age 16-17 of--

Retired workers	85	87	90	93	98	102	106	111	115	121
Deceased workers	343	343	341	340	339	339	338	338	338	338
Disabled workers	326	329	331	333	335	336	336	337	337	338

c. Estimated savings in--

OASI	-15	-65	-105	-110	-115	-120	-120	-125	-130	-140
DI	-5	-25	-40	-40	-45	-45	-50	-50	-50	-50